Comments of Elevate and the City of Chicago on Low-Income Discount Rates for Electric and Natural Gas Residential Customers

Elevate and the City of Chicago offer these comments in response to the Illinois Commerce Commission's Request for Feedback on Low-Income Discount Rates for Electric and Natural Gas Residential Customers. Elevate is a non-profit founded and headquartered in Illinois that works to ensure everyone has access to clean and affordable heat, power, and water in their homes and communities. The City of Chicago is a municipal corporation of the State of Illinois and operates the Chicago Water System through its Department of Water Management, which provides potable water to City residents and businesses as well as more than 100 suburban communities, serving in total approximately 5.4 million people. Elevate and the City offer these comments to urge the Commission both (1) to take action to enhance energy affordability for households with lower incomes, as well as (2) to make sure that action taken does not inadvertently increase the difficulty or cost of transitioning to clean, electric energy for those households.

Illinois needs more rate relief for households with lower incomes. While the Commission's study on a low-income discount rate is a good first step, it cannot stop there. Illinois families living at or below 150% of the Federal Poverty Level – a common poverty measure – spend roughly 12% of their already-limited income on energy[1]. A household is considered energy burdened when it spends more than 6% of its income on energy. Illinois is asking its poorest families to spend double that. Whether through the institution of a low-income discount rate, improvements to the State's existing Percentage of Income Payment Plan, or some other means, we urge the Commission to use the planned study as a springboard to provide further relief for families with lower incomes.

Elevate and the City do not take a strong position on what kind of low-income rate relief is best, just that more is needed. Instead, we urge the Commission to proactively seek feedback from implementers of current low-income utility programs in the course of its study. At minimum, this should include relevant staff from the Department of Commerce and Economic Opportunity and Community Action Agencies. The City would also be interested and available to the Commission to provide feedback and learnings from our implementation of the rate and debt relief program described below.

Additionally, based on our experience working together on the City of Chicago's Utility Billing Relief program[2] for residents who are low-income, we recommend the Commission consider the following in the course of its study:

- Eligibility – Statute already requires the Commission to consider eligibility criteria as part of its study. This topic is one area where feedback from those already implementing utility assistance programs could be particularly helpful. Who needs assistance may look different in some corners of the state from others and so input from those with direct experience is valuable.

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[1] Data from the US Department of Energy's Low-Income Energy Affordability (LEAD) Tool, available at: https://www.energy.gov/eere/slsc/maps/lead-tool. In 2022, 150% of the Federal Poverty Level corresponds to an income of $27,465 for a family of two and $41,625 for a family of four.

[2] https://www.chicago.gov/city/en/depts/fin/provdrs/utility_billing/svcs/utility-bill-relief-program.html

- Make enrollment easy – The complexity of rate relief programs can make or break their success. Multiple overlapping programs are more confusing to discern between than one. Having to submit multiple rounds of information or extensive and/or sensitive information makes enrollment harder. To that end, aligning eligibility criteria with other assistance programs and accepting enrollment into those programs as proof of eligibility whenever possible is ideal.
- Resource enrollment and outreach – In addition to making the *process* of enrolling in a low-income rate-relief program easy it is critical to resource the outreach and enrollment process. Low-income rate relief does not work when residents don't know about it or when those responsible for enrollment don't have the knowledge or time to help folks through it.
- Eliminate arrearages – It is not enough to lower customer bills if they are stuck with arrearages that they cannot pay. Any low-income rate relief program should incorporate an element that allows customers to reduce and ultimately eliminate any arrearage.
- Support customers in lowering bills – Connect customers to programs that can help them lower their bills to the point where they no longer need rate relief. In particular, integrate connections into low-income energy efficiency and solar programs already offered.

Whatever low-income rate relief the state pursues, it should complement, rather than clash with other aspects of utilities' rate structures as they relate to beneficial electrification. While beneficial electrification is defined in greater detail in Illinois law (see 20 ILCS 627/45(b)), it generally means switching from fossil fuels to electricity in ways that reduce emissions and total energy costs. Alternate rate designs are a common tool to both support customers and balance supply and demand on the grid with greater electricity use. For instance, ComEd currently charges different, slightly lower distribution rates to customers using electric space heat. Further, time-varying rates may be an appropriate[3] tool to help balance the timing of energy supply and demand to the grid in some cases. Given this, it is important that any low-income rate-relief considered can mesh with these other alternate rate designs.

Illinois' existing Percentage of Income Payment Plan or PIPP can easily layer on top of alternate rate designs, allowing an income-qualified customer to opt for the rate design that is best for them while still receiving rate relief[4]. However other improvements to PIPP may be needed to facilitate full use of this important tool, including, potentially, improvements to intake processes, greater utility support of customer identification and education, a relaxation of the current "one strike and you're out" rule that kicks customers out of the program after a single missed payment, and an increase to the maximum benefit allowed.

An actual discounted rate for customers with lower incomes could also be meshed with alternate rate designs. However, to do this, there would presumably need to be multiple types of low-income discount rates – i.e. space heat, hourly, etc. – or the discount would need to be applied on top of existing rate structures rather than as its own, separate rate structure. Either approach is theoretically possible. But Illinois should be careful to avoid an approach that requires customers to opt for EITHER a

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[3] Time-varying rates are not appropriate for every customer in every instance and care should be taken to ensure that low-income customers who cannot shift the time of their use are not harmed by any application of such rates.
[4] It is our understanding that benefits through PIPP are calibrated differently depending on what a customer uses gas for such that low-income customers can receive substantially similar benefits across their portfolio of energy use, regardless of how or whether an individual customer uses gas.

low-income discount rate OR another rate that may otherwise facilitate electrification. We do not want to box this subset of customers out of the clean energy transition.

With this in mind, Elevate and the City request that, in its study, the Commission consider how any potential low-income discount rate and/or other low-income rate relief considered would interact with alternate rate structures, intended to facilitate electrification.